April 18, 2003

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Reply Comments to Federal-State Joint Board on Universal Service, CC Docket 96-45; and CC Dockets 98-171, 90-571, 92-237, 99-200, 95-116, 98-170

Dear Ms. Dortch:

The Telecommunications Research & Action Center (TRAC) submits these reply comments to the Federal Communications Commission (Commission) to express once again its concern regarding the above-captioned proceedings. As noted in our February 27, 2003 letter to the Commission, TRAC is a non-profit membership organization based in Washington, DC that, since its inception in 1983, has promoted the interests of residential telecommunications customers. TRAC staff researches telecommunications issues and publishes rate comparisons to help consumers make informed decisions regarding their long distance and local phone service options. TRAC can be found on the web at http://www.trac.org.

TRAC strongly urges the Commission to carefully measure the adverse impact on residential consumers before the Commission drastically alters how it assesses contributions to the universal service fund (USF). TRAC notes that other Commenters and even Commission's staff have found that should the Commission change from the current revenue-based methodology (RBM) to a connection-based methodology (CBM), "such a change would shift much of the responsibility for USF funding from business users to residential users, and would increase USF rates for many average-use and low-use residential customers."[1]

TRAC highly recommends that the Commission consider how the proposed CBM runs afoul of the clear mandate of the Telecommunications Act of 1996 (1996 Act) to assess ***every telecommunication carrier for USF contributions***. Under the CBM, the assessment would shift from the carriers to the end-users. As TRAC previously remarked, the Commission is tasked with assessing contributions in an equitable and non-discriminatory manner. Under the proposed CBM, high–volume and low-volume consumers would be charge the same flat fee. This is hardly equitable or nondiscriminatory, given that business consumers, who typically make many interstate

[1] See Comments of Consumers Union, Texas Office of Public Utility Counsel, Consumer Federation of America, Appalachian People's Action Coalition, Center for Digital Democracy, Edgemont Neighborhood Coalition and Migrant Legal Action Program at page I (April 22, 2002). See also Projected Assessments under Proposal 2 of Connection-Based Methodology published in Federal Communications Commission Public Notice FCC 03-31, *Commission Seeks Comment On Staff Study Regarding Alternative Contribution Methodologies*, February 26, 2003.

calls would be assessed the same as residential consumers, many of whom are low-income and low-volume callers. Low-volume residential consumers would have to contribute the same to the USF as high-volume residential or business consumers.

Finally, TRAC stresses the twin hardship faced by low-income and low-volume users who use pre-paid wireless services should the Commission adopt the CBM. Low-income users of pre-paid wireless services are ineligible to receive the FCC's "Lifeline" exemption from USF contributions. Sadly, low-income and low-volume consumers will be charged a flat connection fee regardless of the number of calls they make as well as being ineligible for the Lifeline exemption.

The connection-based methodology disparately impacts low-income and low-volume residential consumers. In addition, the CBM is contrary to aims of the 1996 Act. Accordingly, TRAC highly recommends that the Commission abandon any further consideration of the proposed connection-based methodology.

Sincerely,

Dirck A. Hargraves, Esq.
Counsel
Telecommunications Research & Action Center